

# TECHNICAL MEMORANDUM

## Utah Coal Regulatory Program

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September 9, 2005

TO: Internal File

THRU: Joe Helfrich and Steve Fluke, Team Leads

FROM: Priscilla Burton, Environmental Scientist III

RE: Addition of State Leases ML-47711 and ML-49287, West Ridge Resources, Inc., West Ridge Mine, C/007/0041, Task ID #2318

### **SUMMARY:**

The permit area is shown on Map 1-0, Permit Area. SITLA Leases ML-47711 and ML-49287 add 1,682.34 acres to the existing permit area bringing the total to 6,114.89 acres (Table 1-4 and Map 1-0). The SITLA lease additions are considered a significant revision to the MRP, but will not create any additional surface disturbance. This memo documents compliance with administrative details of the application.

Panel #7 within the Penta Creek fee lease (Map 5-4B) is limited to development mining only, while the Grassy Trail Reservoir dam subsidence and seismicity study is conducted. Although mining beneath or adjacent to an impoundment is prohibited by R645-301-525.210, the Division may allow mining under Grassy Trail Reservoir if the Permittee presents evidence that subsidence will not cause material damage to the impoundment (R645-301-525.213). The Division may also choose to limit the coal recovery beneath the impoundment (R645-301-525.214). The Penta Creek fee lease could potentially add an additional 257 acres to the permit area, pending the results of the seismic study (Table I-2B).

The Division must take the initiative to update the Reclamation Agreement to reflect the permit acreage of 6,114.89 acres (Table 1-4 and Map 1-0).

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**TECHNICAL ANALYSIS:**

## **GENERAL CONTENTS**

### **IDENTIFICATION OF INTERESTS**

Regulatory Reference: 30 CFR 773.22; 30 CFR 778.13; R645-301-112

**Analysis:**

The Permittee and Operator are West Ridge Resources, Inc., a Delaware corporation. (MRP, Section 112.200 *et seq*). The Permittee's address, telephone number, employer identification number and MSHA I.D. number are listed. The Resident Agent is Gary Gray (Section 112.220). The Permittee will pay the abandoned mine reclamation fee.

West Ridge Resources, Inc. is jointly owned by the Intermountain Power Agency (IPA) and by Andalex Resources, Inc. Names, addresses, and employer identification numbers of persons that own or control the applicant are in Section 112.300. Appendix 1-7 contains the original ownership and control information dated 1998.

The ownership and control information for Andalex has been updated in the West Ridge MRP in accord with correspondence on file with the Division dated August 26, 2002 and December 18, 2003. Each officer and director of the parent corporations of Andalex Resources, Inc. are listed in Sec. 112.300 of the MRP.

Other Utah coal mining operations owned by Andalex Resources Inc. are listed in Section 112.340, including percent ownership information.

Appendix 1-5 lists affiliated coal mining and reclamation operations and their permit and MSHA numbers, together with dates of issuance.

Section 112.500 lists surface and subsurface owners in the permit area. Table 1-3 itemizes the lease holdings by surface ownership. Map 5-2 illustrates the surface land ownership and Map 5-3 illustrates subsurface ownership. Surface lands within the permit area are owned by the USA (administered by the BLM), Penta Creek/Magnificent Seven, School Institutional and Trust Lands Administration (SITLA), Dave Hinkins, Glen L. Wells, and Matt Rauhala.

Contiguous surface and subsurface property owners are cited in Section 112.600. Grassy Trail Reservoir is adjacent to the current permit area boundary (within 750 horizontal feet, and

inside the Penta Creek lease, see Map 5-3 and 5-4B). The surface and subsurface of the reservoir is owned by Sunnyside City and East Carbon City (see Appendix 1-15).

**Findings:**

The information provided meets the administrative requirements for Coal Processing Plants Not Located Within the Permit Area of a Mine.

**VIOLATION INFORMATION**

Regulatory Reference: 30 CFR 773.15(b); 30 CFR 773.23; 30 CFR 778.14; R645-300-132; R645-301-113

**Analysis:**

There are no pending coal mining applications in the United States (Section 112.350) and Section 113.300 indicates that there are no outstanding violations of SMCRA by any affiliated companies in the United States. Appendix 1-2 contains violation history for Utah permitted mine sites and is current for the year 2005.

**Findings:**

The information provided meets the minimum requirements for Violation Information.

**RIGHT OF ENTRY**

Regulatory Reference: 30 CFR 778.15; R645-301-114

**Analysis:**

The permit area is shown on Map 1-0 and sub-surface ownership is found on Map 5-3. [The location of the permit area can also be found on the Mount Bartles and Sunnyside 7.5 min. U.S.G.S quadrangle maps.]

Table 1-4 lists the legal description of the land included in each lease. Appendices 1-4, 1-9, 1-10 through 1-14 and 1-16 provide lease agreements. Federal lease SL-068754 was the original document providing right of entry. Development mining only of Penta Creek fee coal (124.92 acres) was added to the permit area in April 2005. State (SITLA) coal leases ML 47711 (801.24) and ML 49287 (881.10 acres) were added in June 2005.

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The proposed topsoil borrow site is on land administered by SITLA, and Appendix 1-10 of the application includes a copy of the special use lease agreement with SITLA.

**Findings**

The information provided meets the Right of Entry requirements of the Rules.

**LEGAL DESCRIPTION AND STATUS OF UNSUITABILITY CLAIMS**

Regulatory Reference: 30 CFR 778.16; 30 CFR 779.12(a); 30 CFR 779.24(a)(b)(c); R645-300-121.120; R645-301-112.800; R645-300-141; R645-301-115.

**Analysis:**

The public notice required by R645-300-121.150 is found in Appendix 1-1.

Carbon County granted permission to conduct mining and reclamation operations within 100 feet of the proposed C Canyon road (see Appendix 1-8). The letter from the County includes certain stipulations:

1. Andalex (West Ridge Resources) should avoid any negative impacts to the road and should place a sign on the road indicating that a controlled access area lies beyond.
2. Ingress and egress from the county road to the mine facilities should be designed and constructed to provide maximum safety to public users of the road.
3. All mining operations adjacent to the road should be conducted in a manner that assures safety to the public.
4. Andalex (West Ridge Resources) will be responsible for maintenance of the portion of the road within the disturbed area.
5. Carbon County requires that Andalex (West Ridge Resources) leave the road in place and intact upon final reclamation and terminate the road at a parking/turnaround area for public use.

There are no structures within 300 horizontal feet of surface disturbance connected with the West Ridge mine.

Grassy Trail Reservoir is an area being studied for suitability for mining as required by stipulation 17 of Federal Lease UTU-78562 (Section 114.100) and by R645-301-525.213. Grassy Trail Reservoir is immediately adjacent to the permit area and lies within the Penta Creek fee coal lease. Large bodies of water are protected from mining by R645-301-525.210. Consequently, the Division and the BLM will review seismic analysis, monitoring, and mitigation/contingency plans currently being prepared by the Permittee.

MRP, Section 112.800 states that there are no pending interests or bids on lands contiguous to the permit area.

**Findings:**

Information provided in the application meets the requirements of the Regulations.

**PERMIT TERM**

Regulatory References: 30 CFR 778.17; R645-301-116.

**Analysis:**

The permit was re-issued on April 15, 2005 for a period of five years (expiration date is April 15 2010). There are four conditions on the permit:

1. the annual experimental practice monitoring and the Experimental Practice test plot evaluation.
2. providing water monitoring information through the database.
3. conducting Mexican spotted owl survey
4. complying with the Division Order 00A.

The Permittee will follow through with the Experimental Practice test plot evaluations this field season (2005). The Permittee has been uploading water monitoring data to the database. The Permittee and Division have been working towards a resolution of Division Order 00A. The Mexican spotted owl survey has not yet been completed.

**Findings:**

Information provided in the application meets the requirements of the Regulations.

**PUBLIC NOTICE AND COMMENT**

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Regulatory References: 30 CFR 778.21; 30 CFR 773.13; R645-300-120; R645-301-117.200.

### **Analysis:**

Notice of the State Lease additions was advertised in the Sun Advocate May 5, 12, 19 and 26, 2005. The public notice indicated that the lease additions are located on the Sunnyside USGS 7.5 min topographic map in T13 S R 13 E, Sec 36 SW1/4 and T14 S, R 13 E Sec 2 lots 1 thru 4, S1/2N1/2, S1/2; Sec 3 lots 1 thru 3, S1/2N1/2, S1/2; and Sec 10 W1/2NW1/4, SW1/4, SW1/4SW1/4SW1/4SE1/4. The 20 day comment period will end on June 26, 2005.

A cabin in T. 14 S., R. 13 E., Sec. 1, NE1/4NW1/4, on surface owned by Matt Rauhala, situated above panel 29, on the border of SITLA Lease ML4771 and Federal Lease UTU 78562 is scheduled to be undermined in 2014 (see Map 5-4B Mining Projections and Map 5-2 Surface Ownership). Six months prior to undermining, notification of the landowner must be made in accordance with R645-301-525.550.

### **Findings:**

The information provided meets the public notice requirements of the Rules.

## **FILING FEE**

Regulatory Reference: 30 CFR 777.17; R645-301-118.

### **Analysis:**

A copy of the \$5.00 check for the filing fee is in the application (Appendix 1-1, Attachment 1-4), and the application also contains a statement with the notarized signature of Samuel Quigley that the information in the application is true and correct to the best of his information and belief (Appendix 1-1, Attachment 1-5).

### **Findings:**

The information provided meets the requirements of the Regulations.

## **ENVIRONMENTAL RESOURCE INFORMATION**

Regulatory Reference: Pub. L 95-87 Sections 507(b), 508(a), and 516(b); 30 CFR 783., et. al.

## PERMIT AREA

Regulatory Requirements: 30 CFR 783.12; R645-301-521.

### Analysis:

The permit area covers 6,114.89 acres (Table 1-4 and Map 1-0). The permit area and adjacent lands are shown on Maps 1-0, 5-2, 5-3, and others. Previous disturbance is shown on Map 5-1. Section R645-301-114 contains a legal description of the proposed permit area together with right of entry information.

### Findings:

Information provided is considered adequate to meet the requirements of this section of the regulations.

## RECLAMATION PLAN

### BONDING AND INSURANCE REQUIREMENTS

Regulatory Reference: 30 CFR Sec. 800; R645-301-800, et seq.

### Analysis:

#### Form of Bond (Reclamation Agreement)

The Reclamation Agreement was signed on April 2, 1999, by Sam Quigley for the Permittee. A surety bond was posted on March 19, 1999 by National Union Fire Insurance Company of Pittsburgh PA, covering the permit area as specified in the Reclamation Agreement.

#### Determination of Bond Amount

Information provided in the plan is adequate to allow the Division to calculate the required bond amount. In February 1999, the Division estimated the cost for the Division to reclaim the West Ridge Mine to be \$2,117,000 in 2004 dollars. The Division used the general reclamation plan in the PAP (Section R645-301-540 to R645-301-560) Appendix 5-1 Reclamation Bond Calculations and Appendix 5-5 West Ridge Mine Construction and Reclamation Plan, Means Heavy Construction Cost Data 13th Edit, Blue Book Rental Rates, and the Caterpillar Performance Handbook 29th Edition to calculate the reclamation cost estimate.

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In April 2005 (as part of task 2172), the Division reduced the reclamation cost estimate. The Division determined that the reclamation cost would be \$1,753,000 in 2006 dollars. Currently, a Surety Bond is filed with the Division in the amount of \$2,117,000 payable to the State of Utah, Division of Oil, Gas and Mining and the Office of Surface Mining Reclamation and Enforcement (OSM).

**Terms and Conditions for Liability Insurance**

A certificate of insurance showing appropriate coverage has been provided in Appendix 1-1.

**Findings:**

The Permittee is in compliance with the requirements for bonding.

**RECOMMENDATIONS:**

The MRP indicates that the Grassy Trail Reservoir seismicity study is required by the BLM (stipulation 17 of Federal Lease UTU-78562, MRP Section 114.100). However, the Division's responsibility for review of the subsidence and seismicity information is clearly indicated by the R645 Rules. Bodies of water such as Grassy Trail Reservoir are protected from mining by R645-301-525.210 which states that unless excepted by R645-301-525.213, "Underground coal mining and reclamation activities will not be conducted beneath or adjacent to impoundments with a storage capacity of 20 acre feet or more, unless the subsidence control plan demonstrates that subsidence will not cause material damage to, or reduce the reasonably foreseeable use of, such features or facilities;" The Division must conduct an independent review of the evidence presented in support of undermining Grassy Trail Reservoir.

The Division must take the initiative to update the Reclamation Agreement to reflect the permit acreage of 6,114.89 acres (Table 1-4 and Map 1-0).